

Facility Closure

4.1 Introduction

The section provides information regarding the temporary or permanent closure for the South Bay Replacement Project (SBRP). This section provides the following related to facility closure for the SBRP:

- A schedule for the development of a preliminary closure plan for closing the SBRP facilities when it ceases operations at the end of its useful life
- A discussion of how facility closure will be accomplished in the event of premature or unexpected cessation of operations of the SBRP prior to the end of its useful life

Facility closure can be temporary or permanent. Temporary closure is defined as a shutdown for a period exceeding the time required for normal maintenance, including closure for replacement of the combustion turbines or other major equipment and systems. Causes for temporary closure may include a long-term disruption in the supply of natural gas or damage to the plant from natural disasters or emergency situations. Permanent closure is defined as a cessation in operations with no intent to restart operations owing to plant age, damage to the plant beyond repair, plant retirement, economic or commercial conditions, or other reasons. Subsection 4.2.1 discusses temporary facility closure; Subsection 4.2.2 discusses permanent facility closure.

4.2 Future Closure of the New Generation Facilities

Facility closure for the new generation facilities at SBRP can be grouped into the following categories: unexpected temporary cessation of operations, planned permanent cessation of operations, premature permanent cessation of operations, and unexpected permanent cessation of operations. Unexpected temporary cessation of operations occurs when a facility ceases operations suddenly and/or unexpectedly on a short-term basis, due to unplanned circumstances such as a natural disaster or other unexpected event or emergency. Planned permanent cessation of operations occurs when a facility is closed in a planned, orderly manner, such as at the end of its useful economic or mechanical life, or due to unfavorable economic conditions. Premature permanent cessation of operations may occur due to unforeseen circumstances such as a severe catastrophic event that damages the facility beyond economic repair, rapid technological advances that render the plant uncompetitive, or similar situations. Unexpected permanent cessation of operations occurs if the owner unexpectedly closes a facility permanently.

In the event of a permanent cessation of operations of SBRP, whether planned or unplanned, LSP South Bay, LLC (LSP South Bay) will work closely with the California Energy Commission (CEC) and other responsible agencies to assure that power plant equipment and facilities are removed, and the site restored to a condition acceptable to the

CEC and in accordance with LSP's lease agreement with the San Diego Unified Port District (Port).

4.2.1 Unexpected Temporary Cessation of Operations

Unexpected temporary or short-term cessation of operations at a natural gas-fired power plant, such as SBRP, can result from a number of unforeseen circumstances. Conditions such as lack of fuel, oversupply of electricity, mechanical failure, or other factors may force units to be shut down temporarily. Natural disasters such as earthquakes or severe winter storms may also result in temporary shutdowns.

In the event of a short-term, unexpected temporary cessation of operations that does not involve facility damage, the Applicant will maintain SBRP in working condition so that SBRP is able to restart operations when the unexpected cessation of operations event is resolved or ceases to restrict operations. If there is a possibility of hazardous substances release, the Applicant will notify the CEC's compliance unit and appropriate local agencies in accordance with: (1) the applicable laws, ordinances, regulations and standards (LORS) in effect at the time; (2) the procedures set forth in the LSP's SBRP contingency plan described below; and (3) the SBRP's facility Risk Management Plan (further described in Section 8.12, Hazardous Materials Handling).

In the event the temporary closure includes damage to the facility, and there is a release or threatened release of hazardous materials into the environment, the procedures set for the SBRP facility Risk Management Plan will be implemented. These procedures will include methods to control releases, notification of the CEC, applicable authorities and agencies and the public, emergency response, and training for LSP plant personnel in responding to and controlling the release of hazardous materials. Once the immediate issue is resolved and the hazardous materials released are contained and cleaned up, temporary closure will proceed as described above for a temporary closure without a release of hazardous materials.

Depending on the expected duration of the temporary cessation of operations, chemicals may be drained from storage tanks and other equipment, and the integrity of the equipment and facilities will be maintained. The Applicant will handle and dispose of waste materials (hazardous and nonhazardous) in accordance with the applicable LORS in effect at the time of unexpected temporary cessation of operations. The Applicant will maintain facility security procedures during temporary cessation of operations so the SBRP is secure from trespass.

Prior to initiation of operations of SBRP, the Applicant will prepare an onsite contingency plan for SBRP and submit this plan to the CEC's compliance unit. The contingency plan will specifically address actions that will be implemented by the Applicant during temporary and unplanned or unexpected cessation of operations of the SBRP. The plan will ensure that necessary steps to protect public health and safety, and mitigate potential environmental impacts, are taken in a timely manner in accordance with the applicable LORS in effect at the time. The SBRP contingency plan will include the following elements:

- Emergency response procedures and instructions for notification of, and coordination with, local emergency response agencies

- Procedures for taking immediate steps to secure the facility from trespassing and encroachment
- Procedures for safe shutdown and restart of equipment
- Procedures for dealing with hazardous materials and hazardous wastes within 90 days, including draining of tanks and equipment, and disposition of wastes
- Identification of applicable LORS in effect at the time
- Communication with the CEC, and responsible agencies regarding facility damage and compliance with LORS

The Applicant will periodically review the SBRP onsite contingency plan and will update the plan as necessary.

4.2.2 Planned Permanent or Premature Cessation of Operations

The anticipated life of the combined cycle units that will be installed by the Applicant as part of the Project at the SBRP is a minimum of at least 30 years. Continued operation of SBRP beyond a minimum of 30 years is likely to be viable, especially with good maintenance practices and selective replacement of various plant equipment and components. Prior to planned permanent or premature cessation of operations of the new units at the SBRP, the Applicant will prepare a closure plan as described below.

Depending on conditions at the time, the Applicant will decide whether to permanently close SBRP by decommissioning the units and removing all equipment and associated facilities or, if conditions warrant, the Applicant may decide to “mothball” SBRP for a period of time before making a final decision as to whether to restart the units, or to proceed with the permanently close SBRP. Future conditions that could affect planned or premature - permanent closure/decommissioning decisions are unknown at this time. It is, therefore, more appropriate to present the planned or premature, permanent closure to the CEC, and other responsible agencies when more information is available and when planned permanent or premature closure is imminent.

To ensure that permanent closure of SBRP will be completed in an environmentally acceptable manner that protects public health and safety, the Applicant will prepare and submit a closure/decommissioning plan to the CEC at least 12 months prior to initiation of planned closure/decommissioning. The plan will include the following:

- Proposed closure/decommissioning activities and schedule for the SBRP facility and its associated facilities
- Identification and discussion of the impacts associated with the closure as well as appropriate mitigation measures, if necessary
- Applicable LORS, local/regional plans, and a discussion of conformance of the proposed closure/decommissioning activities with the LORS in effect at the time, and conformance with the conditions of certification, and local/regional plans
- Activities necessary to restore the site if the plan requires removal of equipment and associated facilities

- Identification of any equipment to remain on site and a discussion regarding the future use of such facilities
- Associated costs of the proposed closure/decommissioning and the source of funds to pay for the closure/decommissioning
- Coordination with the CEC and other responsible agencies, including meetings and workshops, if necessary, to coordinate closure activities

In general, the Applicant will attempt to maximize the reuse and recycling of facility components during permanent closure/decommissioning activities for the SBRP. If feasible, reusable equipment will be sold for reuse at other sites or relocated for use at other the Applicant facilities. Unsalvageable equipment and materials will be scrapped and recycled to the extent practical or disposed in accordance with the applicable LORS in effect at the time. Unused chemicals will be sold to the suppliers or to other purchasers or users. Equipment that contains chemicals will be drained and shut down to assure public health and safety, and to protect the environment. Nonhazardous wastes will be collected and disposed in appropriate landfills or waste collection facilities. Hazardous wastes will be disposed according to applicable LORS in effect at the time. The Applicant will secure the site 24 hours per day during closure/decommissioning activities at the SBRP.

4.2.3 Unexpected Permanent Cessation of Operations

In the event of an unexpected permanent cessation of operations of SBRP, the Applicant will follow the procedures outlined in the SBRP onsite contingency plan to assure that appropriate steps to mitigate public health and safety and environmental concerns are taken in a timely manner. As discussed above in Subsection 4.2.1, prior to initiation of operations of SBRP, the Applicant will prepare an onsite contingency plan for the new generating units at SBRP and submit this plan to the CEC's compliance unit. The contingency plan will specifically address actions that will be implemented by the Applicant during unexpected permanent cessation of operations of the SBRP. The plan will ensure that necessary steps to protect public health and safety, and mitigate potential environmental impacts, are taken in a timely manner in accordance with the applicable LORS in effect at the time. The SBRP contingency plan will include the following elements:

- Emergency response procedures and instructions for notification of, and coordination with, local emergency response agencies
- Procedures for taking immediate steps to secure the facility from trespassing and encroachment
- Procedures for safe shutdown and start-up of equipment
- Procedures for dealing with hazardous materials and hazardous wastes within 90 days, including draining of tanks and equipment, and disposition of wastes
- Identification of applicable LORS in effect at the time
- Communication with the CEC, and responsible agencies regarding facility damage and compliance with LORS

The Applicant will periodically review the SBRP onsite contingency plan and will update the plan as necessary.

In the event of an unexpected permanent cessation of operations of SBRP, the Applicant will notify the CEC and other responsible agencies. These agencies will be informed of the status of the unexpected permanent closure activities. Concurrently, the Applicant will prepare a permanent closure/decommissioning plan which will address the same issues as described above for the planned permanent closure/decommissioning plan. This plan will be developed in coordination with the CEC and other responsible agencies.

4.3 Decommissioning and Demolition of Existing South Bay Power Plant

As discussed in Section 2.0, Project Description, the SBRP Project includes the decommissioning and demolition of the existing South Bay Power Plant (SBPP) after the SBRP is commissioned and after SBRP is in full commercial operations. The Applicant will prepare and submit a demolition plan for the existing SBPP to the CEC 180 days prior to the start of demolition of SBPP. The demolition plan for the existing SBPP will be prepared and accomplished in accordance with the applicable LORS in effect at the time of demolition. Permits associated with the demolition of the existing SBPP will be issued by the CEC in accordance with its regulatory authority. The demolition of the existing SBPP will include the removal of the generating units and the various buildings, structures and systems. The demolition of the existing SBPP will be accomplished in accordance with applicable LORS in effect at the time, and will meet the requirements of the Applicant's lease agreement for the existing SBPP with the Port.

If the SBRP does not proceed, according to the terms of the Applicant's lease agreement with the Port, the Applicant will continue to operate the existing SBPP into the foreseeable future, depending on its power purchase contracts and the requirements place on the SBPP by the California Independent System Operator (CAISO).